



United States Department of State

Washington, D.C. 20520

April 4, 2008
Washington, DC

Dear Mr. Lembo,

I have the honor to confirm the United States Government's award of USD 2,400,000 (Two Million Four Hundred Thousand) to the United Nations Development Programme (UNDP) in support of the United Nations Development Programme for Iraq for project level intervention for the revitalization of the Iraqi civil aviation and air transport sector and sector Master Planning. This award is pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, Iraq Relief and Reconstruction Fund, and the Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106).

This award is provided by the U.S. Department of State and is effective as of the date of letter subject to the requirements as set forth in the Award Specifics (Attachment 1).

Please indicate your acceptance to this contribution letter by signing the two copies attached (page 2) which will become the originals of this letter to acknowledge your receipt of the grant and return original to me. I will countersign on behalf of the Department of State and return one original to you. We look forward to working with you on this important project.

Sincerely,

Marie Moser

Mr. Paolo Lembo
Director
United Nations Development Programme - Iraq
Building No. 16 Majid Al-Edwan St. Shmeissani
Amman, Jordan
Paolo.lembo@undp.org

Page Two

Attachments:

1. Award Specifics

Acknowledgement:

For the United Nations Development Programme:

By: _____

Typed Name: _____

Title: _____

Date: _____

For the Department of State:

By: _____

Typed Name: _____

Title: _____

Date: _____

FISCAL DATA: 19 4/8 10961 1014 804108 144900 6130 4121

Grant Number: S-NEAIR-08-GR-108

Total Estimated Amount: \$3,300,000

United Nations Development Programme

برنامج الأمم المتحدة الإنمائي



Iraq

8 April 2008

Dear Ms. Moser,

Subject: Contribution to the United Nations Development Programme for Iraq in support of civil aviation and air transport sector and sector Master Planning for Iraq.

I have the great honour to thank you sincerely for your Government's decision to allocate a financial contribution of US\$ 3,300,000 to United Nations Development Programme (UNDP) for revitalizing Iraqi civil aviation through sector Master Planning. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP and shall be subject exclusively to internal and external audit laid down therein. Financial records regarding this contribution will be maintained in accordance with UNDP's established accounting procedures.

UNDP-Iraq acknowledges the allocation will be made in two transfers with a first allocation being of USD 2,400,000 followed by a second transfer within a period of six-month from signing the exchange of letters covering the remaining funds required under the project.

The contribution will be used for the above-mentioned project with an estimated implementation period of one-year. In accordance with the decisions and directives of UNDP's executive Board reflected in its Policy on Cost Recovery from Other Resources, the contribution shall be subject to 7% indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support. The agreed project implementation activities and related budget allocation shall only be amended following written concurrence by the concerned US State officials. The UNDP contribution account details are:

UNDP Contributions Account No. 015-002284
JP Morgan Chase Bank
1166 Avenue of the Americas, 17th Floor, New York
SWIFT Address: CHASUS33

Please find attached the original countersigned attachment to the exchange of letters. The original countersigned letter, once received from your end, and this response shall constitute an agreement between the US Department of State and the United Nations Development Programme.

On behalf of UNDP-Iraq, I take this opportunity to express our sincere appreciation for the support of the Government of the United States of America to the work of UNDP in Iraq.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'PL', is written over a horizontal line.

Paolo Lembo
Director

Ms. Marie Moser
United States Grants Officer
Department of State – Near Eastern Affairs Bureau
2201 C Street NW, Washington DC 20520

Page Two

Attachments:

1. Award Specifics

Acknowledgement:

For the United Nations Development Programme:

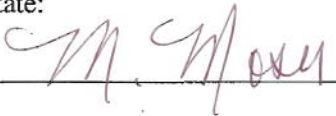
Signed By: 

Typed Name: Paolo Lembo

Title: Director

Date: 8 April 2008

For the Department of State:

Signed By: 

Typed Name: Marie Moser

Title: Grants Officer

Date: 9 April 2008

FISCAL DATA: 19 4/8 10961 1014 804108 144900 6130 4121

Grant Number: S-NEAIR-08-GR-108

Total Estimated Amount: \$3,300,000

Project: Iraq Civil Aviation Capacity Building and Investment Promotion

1. Grants Officer (GO)

The Grants Officer is responsible for exercising prudent management of this award and is the only individual authorized to award, amend, suspend, and terminate financial assistance awards. In addition, the Grants Officer is responsible for coordination and liaison with the Recipient. This individual receives appropriate material from the Grants Officer's Representative and/or the Recipient for processing. The Grant Officer's name, address, and telephone number are:

Marie Moser
Department of State – Near Eastern Affairs Bureau
(NEA/I/EconAssist)
2201 C Street NW
Washington DC 20520
Tel: +202-647-1443
Email: MoserMC@state.gov

2. Grants Officer Representative (GOR)

The Grants Officer's Representative (GOR) for this award will be Mr. Terry Biggio. The GOR is responsible for coordinating the programmatic, technical, and/or scientific aspects of this award.

Terry Biggio
Office of the Transportation Attaché
U.S. Embassy Baghdad
Senior Aviation Advisor
DSN- 318-239-8648
MCI- 914-360-4869
IRAQNA- 07901655461
Email: BiggioT@state.gov

In consultation with:

Kimberly Fowler
Office of International Aviation
External Funding
office: 202-385-8902
fax: 202-267-5032
kimberly.fowler@faa.gov

3. Implementation of the Program – Statement of Work

Funds are provide to support the United Nations Development Group's initiative to revitalize the Iraq civil aviation and air transportation sector through planning, capacity building and investment promotion.

The goals of the project are:

1. To support the preparation and adoption by the Government of Iraq (GOI) of a ten-year Civil Aviation Master Plan (CAMP) and Strategy for the phased implementation of a national entity for the sector, sound air transport and civil aviation policies, laws and regulations, as well as programmes and projects for ensuring safety, efficiency and regularity of air transport, fully compliant with International Convention (ICAO) Standards and Recommended Practices.
2. To provide assistance to mobilizing public/private resources and partnerships for the implementation of the CAMP and detailed action plans and projects for the modernization, rehabilitation and strengthening the capacity of the air transport and civil aviation sector.
3. To establish the national capability to regulate Iraqi airspace and manage air traffic to standards set by (ICAO).

The results of project activities will be:

1. Detailed action plans to address: (a) flight safety; (b) planning and organization of the sector; (c) existing infrastructure and facilities; (d) human resources; (e) Airport Certification and legislative matters; (f) ICAO standards and documentation; (g) environment; and (h) aviation security, prepared and adopted by the GoI;

Urgent and immediate actions to address deficiencies carried out, preparing the ground for longer-term and more structural actions to be undertaken;

2. A 10-year CAMP, composed of interlocking the detailed action plans in the various civil aviation sectors, prepared and adopted by the GoI;
3. Detailed project proposals for the implementation of air transport modernization and rehabilitation, identified in the CAMP, prepared and adopted by the GoI.
4. An international conference to mobilize donor, public and private support for the implementation of the CAMP and detailed action plans and projects, organized by GoI and UNDP, including follow-up action;
5. A series of workshops and regional initiatives to support economic development through enhanced trade on the basis of improved air transport operations, organized by GoI and UNDP, including follow-up action;
6. A detailed plan for the institutional, physical and technical strengthening of the Iraq Civil Aviation Authority, prepared and launched;
7. A comprehensive package of training and capacity building initiatives in Iraq and with international institutes for dedicated staff of the Iraq Civil Aviation Authority, Ministry of Transport and airport authorities to competently handle the continued development and proper maintenance and handling of all sector functions, prepared and launched;
8. Iraq, as a founding member-State of ICAO, obtained the capability to carry out full certification, support and regulatory functions overseeing the licensing and operations of all internationally and locally owned public and private international airports, air carriers, air operators and aviation support entities operating in Iraq and has ICAO compliant or equivalent processes and procedures put in place and delivered, resulting in airports, carriers, operators and civil aviations systems approved for global collaboration and trade expansion.

4. Allowable Costs

- a. The recipient will be reimbursed for costs incurred in carrying out the purposes of this award, which are reasonable, allocable, and allowable.

- (1) “Reasonable” means those costs that do not exceed those that would ordinarily be incurred by a prudent person in the conduct of normal business.
- (2) “Allocable” means those costs that are necessary to this award.
- (3) “Allowable” means those costs that are reasonable and allocable, and that conform to any limitations set forth in this award.

b. The recipient is encouraged to obtain the Grants Officer's written determination as to whether the cost will be allowable before incurring a questionable or unique cost.

5. Award/Project Period and Budget

The award/project period reflects the period of performance under this award shall be from April 7, 2008 through April 6, 2009. All expenditures paid with funds provided by this award must be incurred for authorized activities that take place during this period unless otherwise stipulated. In the event the time prescribed herein should prove insufficient for the Recipient to carry out the program provided for herein, the Grants Officer may provide such extension of the period of the award as may be deemed advisable. Any extension will be effective only upon the execution of an amendment to the Award for this purpose. All requests for extensions must be received in writing at least ten days prior to the expiration date.

Approved Budget

Budget Category	Item Description	Unit	Unit Cost	Qty	Total Budget US\$	2008/9	
						Budget	Commitment
1. PERSONNEL							
1.1 National Programme/Project Personnel							
	National Project Advisor	Mo.	3,400	12	40,800	40,800	40,800
	Subtotal			12	40,800	40,800	40,800
1.2 International Programme/Project Personnel							
	UNDP Project Manager	Mo.	16,300	12	195,600	195,600	195,600
	UNDP Civil Aviation Strategic Planning Advisor	Mo.	17,000	12	204,000	204,000	204,000
	UNDP Contracting, Procurement & Training	Mo.	15,300	12	183,600	183,600	183,600

	Coordinator						
	Subtotal			36	583,200	583,200	583,200
1.3 National Consultants							
	National Civil Aviation Service						
1.4 International Aviation Technical & Management Consultants							
	Civil Aviation Advisor (Team Leader)	Mo.	17,320	8	138,560	138,560	138,560
	Civil Aviation Mgmt support expert	Mo.	16,300	12	195,600	195,600	195,600
	Airport Certification	Mo.	18,360	5	91,800	91,800	91,800
	Flight Operation Certification	Mo.	18,360	5	91,800	91,800	91,800
	CNS CNSLT system advisor	Mo.	18,360	5	91,800	91,800	91,800
	ATM CNSLT system advisor	Mo.	18,360	5	91,800	91,800	91,800
	Flight Safety CNSLT advisor	Mo.	18,360	5	91,800	91,800	91,800
	Aviation Security CNSLT advisor	Mo.	18,360	5	91,800	91,800	91,800
	Air Law CNSLT advisor	Mo.	18,360	5	91,800	91,800	91,800
	Human Resources CNSLT advisor	Mo.	18,360	5	91,800	91,800	91,800
	Capacity building expert	Mo.	18,360	5	91,800	91,800	91,800
	Subtotal			65	1,160,360	1,160,360	1,160,360
2. CONTRACTS							
	Project Kick-off meeting and End of Project Workshop	Wshp.	45,000	2	90,000	90,000	90,000
	CAMP Conference with participation of regional partners (Specialized Organizer)	Conf.	130,000	1	130,000	130,000	130,000
	Reports & presentations		50,000	1	50,000	50,000	50,000
	Subtotal				270,000	270,000	270,000
3. TRAINING							
	Internal on-site training courses / meetings and at ICAA premisses	Wshp.	15,000	15	225,000	225,000	225,000
	Capacity building/training (3x10)	Wshp.	47,000	3	141,000	141,000	141,000
	Capacity building abroad (2x7)	Wshp.	65,000	2	130,000	130,000	130,000
	Subtotal			3	496,000	496,000	496,000
4. EQUIPMENT							
	CAMP Equipment		140,000	Several	140,000	140,000	140,000
	Training materials		50,000	Several	50,000	50,000	50,000
	Manuals		10,200	Several	10,200	10,200	10,200
	Subtotal				200,200	200,200	200,200
7. TRAVEL & DSA							
	Overseas Transportation – Iraqi Team		61,200		61,200	61,200	61,200
	In-Country Coordination Meetings, etc.		88,200		88,200	88,200	88,200
	Transport for Int. staff & experts		121,800		121,800	121,800	121,800
	Subtotal				271,200	271,200	271,200
8. PROGRAMME/PROJECT SUB-TOTAL							
					3,021,760	3,021,760	3,021,760
9. Logistics (Should Not Exceed 3% of BL 8)							
	Logistics Support				55,258	55,258	55,258
	Subtotal				55,258	55,258	55,258
	Total				3,077,018	3,077,018	3,077,018
10. SECURITY (Should Not Exceed 2% of BL 8)							
	Max. 2% of Total Budget				34,590	34,590	34,590
	Subtotal				34,590	34,590	34,590
11. AGENCY MANAGEMENT SUPPORT COST (Including Monitoring & Reporting)							

	7% of Total Budget				217,813	217,813	217,813
	Subtotal				217,813	217,813	217,813
PROGRAMME/PROJECT	BUDGET	CEILING			3,329,420	3,329,420	3,329,420
TOTAL							

6. Amendment

- a. This document constitutes the entire agreement between the parties. No amendment changing its scope or terms shall have any force or effect unless it is in writing and signed by the Grants Officer for the Department of State and a duly authorized representative for the Recipient.
- b. The Recipient must inform the Grants Officer in writing of the name of its representative authorized to administer the award, and bind the Recipient.

7. Non-Liability

The DOS does not assume liability for any third party claims for damages arising out of this award.

8. Notices

Any notice given by DOS or the recipient will be sufficient only if in writing and delivered in person, mailed, or transmitted electronically by e-mail or fax, as follows:

- To the DOS Grants Officer and/or Grants Officer Representative, at the address specified in the Notice of Award.
- To Recipient, at the recipient's address shown in the award or such other address designated within the Notice of Award.

Notices will be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

9. Refunds

- a. If the recipient earns interest on Federal advances before expending the funds for program purposes, the recipient must remit the interest annually to DOS. Interest amounts up to \$250 per year may be retained by the recipient for administrative expenses.
- b. Funds obligated by DOS but not disbursed to the recipient before the award expires or is terminated will revert to DOS, except for funds committed by the recipient to a legally binding transaction applicable to this award. Any funds advanced to but not expended by the recipient before the time of expiration or termination of the award must be refunded to DOS, except for funds committed by the recipient to a legally binding transaction applicable to this award.
- c. If, at any time during the life of the award, or as a result of final audit, it is determined that DOS funds provided under this award have been expended for purposes not in accordance with the terms of this award, the recipient must refund such amount to DOS.

10. Revision of Award Budget

- a. The approved award budget is the financial expression of the recipient's program as approved during the award process.
- b. The recipient must immediately request approval from the Grants Officer when there is reason to believe that within the next 30 calendar days a revision of the approved award budget will be necessary for any of the following reasons:
 - (1) To change the scope or the objectives of the program or to add any new activity.
 - (2) To revise the funding allocated among program objectives by more than 10 percent of the total budget amount.
 - (3) Additional funding is needed.
 - (4) The recipient expects the amount of DOS authorized funds to exceed its needs by more than \$5,000 or five percent of the DOS award, whichever is greater.

- c. Except as required by other provisions of this award specifically stated to be an exception from this provision, the government will not be obligated to reimburse the recipient for costs incurred in excess of the total amount obligated under the award. The recipient will not be obligated to continue performance under the award (including actions under the "Termination Procedures" provision) or otherwise to incur costs in excess of the amount obligated under the award, unless and until the Grants Officer notifies the recipient in writing that such obligated amount has been increased and specifies the new award total amount.

11. Termination Procedures

This award may be terminated by either party, in whole or in part, at any time with 30 days written notice of termination. Upon receiving a termination notice from the Grants Officer, the recipient must take immediate action to cease all expenditures financed by this award and to cancel all un-liquidated obligations if possible. The recipient may not enter into any additional obligations under this award after receiving the notice of termination, other than those reasonably necessary to effect the close out of this award. Except as provided below, no further reimbursement will be made after the effective date of termination. Within 30 days of the effective date of termination, the recipient must repay to the government all unexpended DOS funds that are not otherwise obligated by a legally binding transaction applicable to this award. If the funds paid by the government to the recipient before the effective date of termination are not sufficient to cover the recipient's obligations under a legally binding transaction, the recipient may submit a written claim for such amount to the government within 90 days after the effective date of termination. The Grants Officer will determine the amount(s) to be paid by the government to the recipient under such claim in accordance with the "Allowable Costs" provision of this award.

12. Audit and Records

The recipient confirms that the award account will be audited applying established procedures under appropriate provisions of the financial regulations and rules of the United Nations.

14. Reporting and Evaluation

Technical and financial reports must be submitted quarterly to the Project Officer and to the Grants Officer via email at the addresses provided above. Reports are due thirty days after the end of each calendar quarter, or October 31, January 31, April 30 and July 31. The final technical and financial reports are due ninety days after the end of the award performance period.

14. Terrorist Financing

Consistent with numerous United Nations Security Council resolutions, including S/RES/1269 (1999), S/RES/1368 (2001), and S/RES/1373 (2001), both DOS and the Recipient are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of DOS to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, the recipient undertakes to use reasonable efforts to ensure that none of the DOS funds provided under this award are used to provide support to individuals or entities associated with terrorism.

16. Publications and Media Releases

- a. Publications, media releases, or electronic or print material developed or produced by Recipient about the program funded and which identify the DoS's contribution must be approved by the GOR, with the GO, prior to release or publication.
- b. If it is the recipient's intention to identify DoS's contribution to any publication, video or other information/media product resulting from this award, the product shall state that the views expressed by the author(s) do not necessarily reflect those of DoS. Acknowledgements should identify the sponsoring DoS office and bureau or mission as well as the following:

“This [publication, video or other information/media product (specify)] was made possible through support provided by the United States Department of State, under the terms of Award No. S-NEAIR-08-GR-108. The opinions expressed herein are those of the author(s) and do not necessarily reflect the views of the United States Department of State.”

- c. The recipient shall provide the project office with one copy of all published works developed under this award and with lists of other written work produced under this award.

- d. Except as otherwise provided in the terms and conditions of the award, the author or the recipient is free to copyright any books, publications, or other copyrightable materials developed in the course of or under this award, but DoS reserves a royalty-free nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the work for U. S. Government purposes.